



**CALIFORNIA STATE
PUBLIC WORKS BOARD**

ARNOLD SCHWARZENEGGER, GOVERNOR

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STATE PUBLIC WORKS BOARD
September 20, 2010

MINUTES

PRESENT:

Ms. Cynthia Bryant, Chief Deputy Director, Department of Finance
Mr. Scott Harvey, Chief Deputy Director, Department of General Services
Mr. Jim Lombard, Chief Administrative Officer, State Controller
Mr. Blake Fowler, Director of Public Finance, State Treasurer's Office

STAFF PRESENT:

Greg Rogers, Administrative Secretary
Chris Lief, Assistant Administrative Secretary
Deborah Cregger, Staff Counsel
Cynthia Munoz, Executive Assistant
Carlos Ochoa, Budget Analyst

CALL TO ORDER AND ROLL CALL:

Ms. Cynthia Bryant, Chairperson of the Board and Chief Deputy Director of Finance, called the meeting to order at 10:00 a.m. Mr. Greg Rogers, Administrative Secretary for the Board, called the roll. A quorum was established.

The first order of business was approval and adoption of the Minutes from the August 16, 2010 meeting.

A motion was made by Mr. Harvey and Second by Mr. Lombard to approve and adopt the minutes from the August 16, 2010 meeting. The minutes were approved by a 4-0 vote.

ACTION ITEMS:

Ms. Bryant made note that the Board would take up the Action Item prior to the Bond Item as the Board needed to establish the proposed project prior to considering adoption of the resolution to seek interim financing for the project. The Action Item would be voted on by the representatives from Department of Transportation, Department of General Services and Department of Finance versus the Bond Item where all 5 of Board members would vote.

Mr. Rogers stated that there was one Action Item on this month's Agenda, which establishes the scope, cost, and schedule for the Department of Corrections and Rehabilitation (CDCR) Calaveras County Adult Detention Facility, Jail Project.

Mr. Lief, Assistant Administrative Secretary for the Board, informed the Board that this project consists of constructing a new jail located on county owned land. The project includes 88 cells to house approximately 160 medium to maximum-security inmates of all classifications. The new jail will be approximately 76,500 square feet.

The 160-bed Jail project is part of a larger county facility that will include a Sheriff's Administration Building and may also include a dormitory building with two 40 bed units. However, the Sheriff's Administration Building and the potential dormitory building are not being constructed with funding from the Assembly Bill 900 county jail lease revenue bond financing program. Moreover, the jail building will be a stand-alone, functionally independent structure. As such, it will not be dependent on the Sheriff's Administration Building or the potential dormitory building for any services affecting its functionality. The county will also provide an access road into the project site. Staff recommended approving the establishment of the scope, cost and schedule for the CDCR Calaveras County Adult Detention Facility, Jail Project.

Mr. Harvey asked for an update on the Department of Industrial Relations Labor Compliance issues. Mr. Rogers stated there is no update available at this time and assured Mr. Harvey that not having the issues concluded has no effect on the Board's ability to vote on this item.

Mr. Harvey asked for clarification on the Corrections Standards Authority's (CSA) condition for awarding \$26,388,000 from the Public Buildings Construction Fund for this project. Mr. Lief stated the condition is based on today's Board action.

There were no further questions or comments from the Board or public.

A motion was made by Mr. Harvey and Second by Ms. Bryant to approve Action Item #1. Action Item #1 was approved by a 2-0 vote.

BOND ITEMS:

Bond Item # 1 is for the CDCR Calaveras County Adult Detention Facility, Jail Project. This is the same project that we just discussed.

If approved, the requested action will adopt a resolution authorizing actions to be taken to provide for interim financing, the sale of lease revenue bonds, and related actions in connection with the authorization, issuance, sale, and delivery of the said revenue bonds. The action includes approval and execution of a Project Delivery and Construction Agreement between the Calaveras County, CDCR, CSA, and the Board. The total amount of state funds authorized for this project is \$26,388,000. This item would authorize staff to seek interim financing for this project. Staff recommended approval of the item and adoption of the resolution.

Mr. Harvey asked if in the interim, while waiting for the independent local jail project construction, will any of the inmates from the local project be housed in the state facility pending construction of the local facility. Mr. Lief stated the county will continue operating its existing facility until the new facility is complete.

There were no further questions from the Board or the public.

A motion was made by Mr. Lombard and Second by Mr. Harvey to approve and adopt the resolution Bond Item #1. Bond Item #1 was approved by a 4-0 vote.

CONSENT ITEMS:

Mr. Rogers stated the Consent Calendar consists of Items 1 through 6. Consent Item #3 from the Consent Calendar was pulled as letter from the Joint Legislative Budget Committee (JLBC) was received late last week regarding their non-concurrence at this time of Consent Item 3, the CDCR's to request the establishment of the Heman G. Stark Correctional Facility, Reception Center Conversion, Enhanced Outpatient Program, and Correctional Treatment Center in San Bernardino County

Therefore, the Consent Calendar consisted of items 1, 2, and 4 through 6, and in summary these items included:

- 1 request to authorize funding for preliminary plans [Item # 1]
- 1 request to authorize site selection [Item 2]
- 1 request to authorize CDCR's execution of (1) a Ground Lease, (2) a Right of Entry for Construction, and (3) an Easement Agreement for Grants of Access, Utilities, and Repairs Easements with the County of San Bernardino. [Item 4]
- 1 request to approve preliminary plans and authorize the use of Inmate/Ward Labor. [Item 5]
- 1 request to establish scope, cost, and schedule. [Items 6]

There were two legislative notification letters associated with Consent Calendar Items 1 and 6. We received no adverse comments from the JLBC regarding the letter for Item 1. We received a letter from JLBC dated September 8, 2010, concurring with our recommended action on Item 6. Staff recommended approval of the **Consent Calendar** consisting of Consent Items 1, 2, and 4 through 6.

There were no comments or questions from the Board or the public.

A motion was made by Mr. Harvey and Second by Ms. Bryant to approve Consent Items 1, 2, and 4 through 6. The Consent Items were approved by a 2-0 vote.

OTHER ACTION ITEMS:

There were two Other Action Items associated with this month's calendar. Madelynn McClain of Finance staff presented the first action item to the Board and Chris Lief presented Action Item 2.

Ms. McClain stated Action Item #1 was for the Judicial Council of California, Administrative Office of the Courts, New North Butte Courthouse. The action item requests that the Board consider authorizing acquisition of this property, contingent upon the Administrative Office of the Courts (AOC) satisfactorily completing the tasks listed below and direct the AOC to return to the Public Works Board for final acquisition approval.

The reason this acquisition was an action item was because staff were requesting the Board to take a contingent action to acquire approximately 4.3 acres of privately owned, unimproved land on which the AOC intends to construct a 5 courtroom facility of approximately 60,000 sq ft. The Property Acquisition Agreement (PAA) requires that the Seller construct a public road and associated infrastructure including all utilities. This infrastructure would provide access to the site from the surrounding public road system. Numerous provisions in the PAA and Escrow Instructions insure that the road and infrastructure will be completed according to specifications and be accepted by the City of Chico as a dedicated public right of way.

The conditions precedent to final acquisition approval include, but are not limited to:

- (1) A duly authorized agreement(s) between the relevant parties releasing the subject property from the Meriam Park Development Agreement dated August 6, 2007;
- (2) AOC is to obtain the Department of General Services review and approval of the agreement(s) referenced above prior to execution by the parties;
- (3) Satisfactory resolution of the title exceptions affecting the subject property related to one or more Chico Maintenance Districts.

Staff recommended the Board authorize acquisition, contingent upon the AOC satisfactorily completing the specified tasks and directing the AOC to return to the Board for final acquisition approval.

Mr. Harvey asked for clarification regarding the exemption of the state from the development agreement. He also asked for clarification regarding what requirements the development agreement includes and as a user in the City of Chico what the state intends to do to ensure the streetscapes, the planting, etc, conform to the environment as designed by the local entities?

Ms. McClain responded that the request to exempt the state from the specific development agreement would avoid future, unknown costs related to assessments imposed by the development agreement. Ms. McClain further clarified that the courts typically cooperate with the city and/or county to be sure the building fits in with the architecture and landscaping in the area when constructing a new courthouse.

Mr. Harvey restated his question about state participation in development areas and assessments and asked for further discussion at a future board meeting. Madelynn McClain stated the issue is in discussion.

There were no further questions from the Board or the public.

A motion was made by Mr. Harvey and Second by Ms. Bryant to approve Action Item 1. Action Item 1 was approved by a 2-0 vote.

Action Item 2 was for is for Department of Corrections and Rehabilitation, Madera Reentry Facility.

Mr. Lief stated the proposed action consists of two components, (1) to amend the prior site selection action taken on January 13, 2009, and (2) authorize the CDCR's execution of an irrevocable option agreement to purchase and sell real property (with escrow instructions) with the County of Madera.

The Board authorized site selection for 15 acres of the proposed subject site in January 2009. During the post site selection due diligence period, it was determined that the site required expansion to approximately 19 acres to accommodate development requirements, specifically a drainage detention pond, water tank and treatment equipment, and emergency access improvements to Avenue 14 ½. Part of the current requested action would amend the Board's prior site selection to incorporate the necessary additional acreage into the selected site. The second part of the requested action was to authorize CDCR to execute an irrevocable option agreement to purchase and sell real property (with escrow instructions) with the County of Madera. This authorization would allow the CDCR to enter into an Option Agreement to acquire the revised 19 acres unimproved site to construct a new 500 bed Secure Community Reentry Facility and associated improvements. The property, owned by Madera County, is situated at 28286 Avenue 14 ½, between Road 28 and Road 28 ½, just east of Madera city limits.

Execution of this option agreement was necessary before the County of Madera may proceed with their jail project that is partially funded through AB 900. It is anticipated a number of actions related to the jail project will be presented to the Board at a future meeting.

Board staff, CDCR staff, and DGS staff were present to address any questions the Board may have had on this item. Staff recommended the Board (1) authorize the amending of the previous site selection action taken on January 13, 2009, by increasing the amount of acreage, and (2) authorize the CDCR's execution of an irrevocable option agreement to purchase and sell real property with the County of Madera.

Mr. Harvey asked for an explanation of what happens with the Irrevocable Purchase Option (IPO) if it is found that the site is not suitable. Mr. Lief informed the Board that if the site is not suitable for the project, the IRP allows the state to back out of the option; however, the County cannot. There was also discussion about the level of environmental evaluation that has been and/or should be conducted at this site; Mr. Jerry Leong with DGS and Mr. Dean Borg with CDCR both stated that there is no need for a Phase 2 evaluation.

There were no further questions from the Board or the public.

A motion was made by Mr. Harvey and Second by Ms. Bryant to approve Action Item 2. Action Item 2 was approved by a 2-0 vote.

OTHER BUSINESS

INFORMATIONAL ITEM—1

There was one informational item which was in regards to the Redevelopment Authority (RDA) Design-Build (DB) Authority for the San Jose McEnery Convention Center Project. On September 14, 2009, Board approved a DB project proposed by the Redevelopment Agency of the City of San Jose. The San Jose McEnery Convention Center project was the first of 10 RDA DB projects authorized by the Board, per Public Contract Code (PCC) § 20688.6

Per PCC §20688.6 (c)(4) the Redevelopment Agency of the City of San Jose notified the Board that design-build authority is no longer needed because the agency will not be funding the previously authorized project. Accordingly this project will no longer be recognized by the Board as having RDA DB authority. Based on this rescission, there will now be potential authority for nine out of 10 RDA DB projects

REPORTABLES:

Mr. Rogers stated there were 9 items that were approved by staff under the authority delegated by the Board. One reversion for University of California project, two augmentations for University of California projects, and six reversions for various California Community Colleges Projects.

NEXT MEETING:

The next meeting Board meeting is scheduled for October 11, 2010, at 10:00 am, at the State Capitol, in Room 113.

There were no comments or questions from the public.

The meeting was concluded at 10:31am.